GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:9
ANSWERED ON:23.02.2010
IMPACT OF FUTURES TRADING
Shetkar Shri Suresh Kumar

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Abhijit Sen Committee has submitted its report on the impact of futures trading on prices of essential commodities;

(b) if so, the details thereof; and

(c) the implementation status of the said report including the recommendations adopted by the Government so far?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K. V. THOMAS)

(a): Yes Madam, the Abhijit Sen Committee has submitted its report to the Government of India.

(b): The Committee did not find any evidence of futures market causing price rise. The Committee made many recommendations to improve the functioning of physical and futures commodity markets.

Some of the important recommendations of the Abhijit Sen Committee Report include upgrading the capabilities of the FMC and quality of regulation by expeditious amendment of the FCR Act 1952, increasing the participation of hedgers, i.e. the physical market stakeholders in the Futures Market, reforming and improving the spot market, removing the legal and regulatory hurdles in setting up and functioning of national spot exchanges which can facilitate best spot price discovery and a ready market for farmers to sell their produce, restructuring of contract designs and other requirements of futures trading so as to enable farmers` participation in the futures market, strengthening support infrastructure of warehouse and commodity finance and operationalisation of the WD & R Act in order to reach out to the farmers and strengthening the efforts of FMC and commodities exchanges for dissemination of futures prices through various channels to improve the farmers bargaining power while marketing the produce.